

**MANAGED HEALTH CARE IMPROVEMENT TASK FORCE  
MAY 30, 1997 PUBLIC HEARING -- NOTES**

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**Friday, May 30, 1997**

**5:30 PM**

**202 C Street - City Council Chambers**

**[San Diego City Hall]**

**San Diego, California 92101**

**NOTICE:**

Dr. Alain Enthoven, Chairman, read the Task Force Notice as prepared and released pursuant to the Open Meetings Act.

**I. CALL TO ORDER AND OPEN THE HEARING [Chair] - 5:30 P.M.**

The second public hearing of the Managed Health Care Improvement Task Force, [Task Force] was called to order by Chairman, Dr. Alain Enthoven, at the San Diego City Council Chambers.

The following members were present: Dr. Bernard Alpert, Ms. Rebecca Bowne, Dr. Donna Conom, Ms. Jeanne Finberg, Dr. Bradley Gilbert, Dr. Michael Karpf, Mr. Clark Kerr, Mr. Peter Lee, Dr. J.D. Northway, Mr. Anthony Rodgers, Dr. Helen Rodriguez-Trias, Ms. Ellen Severoni, Dr. Bruce Spurlock, and Mr. Ronald Williams.

The following Ex-Officio members were present: Ms. Kim Belshe', Mr. Keith Bishop, Mr. Michael Shapiro, and Mr. David Knowles.

Chairman Enthoven informed the audience of the procedures for testifying before the Task Force. Specifically, he stated that the Task Force is interested in hearing the thoughts of the public regarding systemic changes in managed health care and any further comments or concerns related to health insurance in general.

**II. PUBLIC TESTIMONY - 5:45 P.M.**

1. Dr. Rodrico Munoz - Vice President of the Mental Health Advisory Board of San Diego and President of the San Diego branch of the California Hispanic Medical Association. Dr. Munoz commented on the negative impact managed care has had on mental health care recipients who belong to HMOs. He expressed concerns about market consolidation, patient confidentiality, continuity of care, denial of care due to cost considerations, and other barriers to care. The doctor also expressed concerns about the Medicaid population under managed care.

Chairman Enthoven thanked Dr. Munoz for his testimony. The Task Force members addressed Dr. Munoz's concerns with various questions and

comments about physician supply, restricted mental health benefits, and funding pools for mental health care.

2. Dr. Larry Friedman, Chief of the Division of Primary Care Pediatrics and Adolescent Medicine at the University of California, San Diego. Dr. Friedman spoke about the relationship between academic medical centers and managed care. He stated that managed care has created a burden on medical outcomes studies. Dr. Friedman suggested that managed care companies begin funding these outcome studies because the study results form the basis of their medical treatment. Dr. Friedman also expressed concern about the profit motive in managed care.

Chairman Enthoven thanked Dr. Friedman for his testimony. The Task Force members addressed Dr. Friedman's concerns with various questions and comments about data collection versus research; for-profit managed care versus fee-for-service; adverse selection and risk adjustment; the doctor-patient relationship; the state regulatory role; the importance of outcomes studies; the positive effects of managed care on medical training; physician supply; and adolescent care.

3. Dr. Don McCann, a family physician from San Clemente, California Dr. McCann stated that one of the most effective methods of managed care has been the introduction of physician risk sharing through capitation and reserve pools (withholds). Dr. McCann stated that managed care has decreased the rendering of both unnecessary and elective medical services. However, he noted that managed care has decreased the range of therapeutic intervention options that physicians discuss with patients, creating an adversarial doctor-patient relationship which affects quality. Dr. McCann called for the end of physician risk sharing and the introduction of global budgets.

Chairman Enthoven thanked Dr. McCann for his testimony. The Task Force members addressed Dr. McCann's concerns with various questions and comments about incentives to provide preventive care under capitation; the necessary scope of a global budget; whether global budgets merely relocate the gatekeeper; quality under fee-for-service versus managed care arrangements; and performance-based physician compensation.

4. Dr. Tom Houghton, a children's dental specialist Dr. Houghton spoke on behalf of children dental patients. Dr. Houghton stated that in his experience over the last three years in Sacramento, the for-profit Denti-Cal plan is assigned more patients than the other plans. Dr. Houghton spoke about the special needs and circumstances of Denti-Cal children and expressed concern about the quality of care they receive. Dr. Houghton suggested improvements such as involving clinical practitioners in treatment authorization and emphasizing preventive measures.

Chairman Enthoven thanked Dr. Houghton for his testimony.

5. Dr. A.D. Krems with AARP. Dr. Krems addressed the Task Force on behalf of California's seniors. He began his testimony by thanking the Task Force for their efforts and suggesting that future public hearings be held during the afternoon and not in the evenings or on Friday's. Dr. Krems addressed the need for more outcome studies, particularly regarding preventive care. He stated that managed care doesn't allow providers to spend enough time with their patients. He suggested that the Task Force study ombudsman programs and recommend a plan that could be used throughout health care.

Chairman Enthoven thanked Dr. Krems for his testimony. The Task Force members addressed his concerns with various questions and comments about the use of outcomes studies in medical education; training and payment for ombudsmen; and the relationship between long-term care and managed care.

6. Dr. Stuart Scherr, retired doctor of internal medicine. Dr. Scherr contended that HMOs are contributing to the bankruptcy and for-profit takeover of many hospitals by forcing hospitals to accept contracts at reimbursement levels below costs. Dr. Scherr stated that the profits of organizations such as Columbia HCA come from inadequate staffing, deterioration in quality and quantity of supplies, and dirty hospitals. He supported these claims by reading from a letter written by a Columbia HCA hospital nurse. He suggested that HMO-hospital contracts be regulated and that inspections be unannounced.

Chairman Enthoven thanked Dr. Scherr for his testimony. Task Force Member Alpert reiterated and emphasized Dr. Scherr's concerns.

7. Ms. Ruth Rahenkamp, an HMO enrollee Ms. Rahenkamp discussed her personal experiences with managed care as a person with manic depressive illness. Ms. Rahenkamp described difficulties accessing needed care and receiving continuity of care under her managed care plan. She stated that when she needs care most, the barriers of managed care are at their highest. She stated that these difficulties have led to higher costs through lost work time and avoidable hospitalization.

Chairman Enthoven thanked Ms. Rahenkamp for her testimony. The Task Force members addressed her concerns with various questions and comments about receiving care outside of the plan and receiving assistance from family members or state regulatory agencies.

8. Mr. Mark Jennings, California Nurses Association, San Diego Mr. Jennings represents nursing professionals from several hospitals in the San Diego area and addressed the Task Force about the declining quality of patient care. He specifically raised concerns about decreased staffing as in-patient acuity levels increase. He also discussed pressures on nurses to not deliver care.

Chairman Enthoven thanked Mr. Jennings for his testimony. The Task Force members addressed Mr. Jennings' concerns with various questions and comments about other payers' impacts on hospitals and a single-payer system.

9. Dr. Fred Baughman, a retired pediatric neurologist Dr. Baughman discussed the history of physician supply from the 1960's to present day. He stated that rising costs and the increased numbers of uninsured persons are due to physician oversupply. Dr. Baughman stated, "the establishment of an appropriate physician supply appropriately distributed must be the primary plank of health care reform in America".

Chairman Enthoven thanked Dr. Baughman for his testimony. The Task Force members addressed his concerns with various questions and comments.

10. Ms. Joy Lynn, an HMO enrollee Ms. Lynn expressed her frustration with her HMO as it relates to the chiropractic care she receives. Ms. Lynn described her difficulties obtaining referrals and authorization for treatment and her need to pay for care out of her own pocket. She stated that this discontinuity of care has a strong effect on her business, her employees, and her subcontractors. She suggested "taking the insurance companies out of health care."

Chairman Enthoven thanked Ms. Lynn for her testimony.

### **III. ADJOURNMENT - 7:30 PM**

Chairman Enthoven said that without objection, the public hearing would be closed and adjourned. Seeing no objection, Chairman Enthoven declared that the public hearing was hereby closed and adjourned.

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#### **Notes:**

- Information regarding Managed Health Care Improvement Task Force meetings may be obtained by writing the Task Force administrative assistant, at 1400 Tenth Street, Room 206, Sacramento, California 95814 or calling (916) 324-1711.